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ABSTRACT

Included in this annotated bibliography of 11 publications on merit pay are reports covering various approaches to merit increases and the successes of a merit pay program in California's Round Valley School District, an Educational Research Service review of current research and practice on merit and incentive pay for teachers, an ERIC Clearinghouse on Educational Management review of research on discrepancies between the idea of merit pay and its actual implementation, a study of the reward system for excellent teaching developed in Tuscon, Arizona's Catalina Foothills School District, and an exposition of some of the real difficulties of and possible solutions for merit pay program implementation. Additional publications reviewed concern Tennessee's "Master Teacher Program," the "Second Mile Plan" created by the Houston (Texas) Independent School District in 1979 with provisions for incentive pay for teachers, the urgency of implementing merit pay programs in order to save the teaching profession, and the importance of choosing merit pay implementation programs wisely. The bibliography concludes with a review of a synthesis of research on teacher motivation. (JBM)

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THE BEST OF ERIC

ON EDUCATIONAL MANAGEMENT

Number 74, April 1984

The Best of ERIC presents annotations of ERIC literature on important topics in educational management.

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Merit Pay for Teachers

1 **Brinks, James T.** "Is There Merit in Merit Increases?" *Personnel Administrator*, 25, 5, (May 1980), pp. 59-64. EJ 223 556.

This technical but clearly written article offers three approaches to merit increases, all of which reflect Brinks' central affirmation: "The cornerstone of a well-designed merit pay system is that there is a correct salary for every employee, both externally competitive and internally equitable, reflecting level of responsibility, experience and individual performance."

Brinks begins by detailing both the known pros and cons of merit pay for salaried workers in the United States. His style of dialogue with the data is engaging: each argument against merit increases is paired with a responding comment by Brinks. He then offers a series of positive arguments to counterbalance the familiar negative points.

Contrary to many discreditors of merit pay, Brinks holds that money *does* matter. Although it may not satisfy for long, it does motivate: "the more employees believe their own performance influences pay, the harder they will work to influence performance . . . Monetary rewards provide the worker with direct feedback on the acceptability of labor performance." And though he agrees that *objective* work performance systems are all too rare, the effort to create such standards should be continued: "If the end—merit increases—is worth the effort, then we as personnel professionals must do more to assist line management in creating these systems."

In the traditional approach to merit pay, employees receive a percentage increase in their salary that is determined by level of performance and degree to which they exceed or fall below the target (or midpoint) salary. Midpoint salary is defined as the going rate for a job satisfactorily performed. Added to this approach could be a variation in the timing of these increases.

The step-progression approach would include both range change and the steps leading up to the going rate. For good and excellent performers, each step increase would be greater than for the satisfactory performer.

The third method "combines a *step-progression* guideline up to the going rate for all employees, *plus a periodic bonus* award to distinguish performance," Of course, this would demand from supervisors the establishment of fair, objective performance standards. But Brinks favors the advantages: the approach can recognize and compensate for above-average performance; further, it "returns the emphasis of the salary system to 'doing a better job'."

Although Brinks says nothing specifically about teaching, educators as part of the American labor force will find his arguments relevant to the development of a merit pay system.

2 **Burke, Brian T.** "Merit Pay for Teachers: Round Valley May Have the Answer." *Phi Delta Kappan*, 64, 4 (December 1982), pp. 265-66. EJ 272 613.

This brief article recounts the means by which the Round Valley School District (northern California) may be achieving success in its merit pay program for teachers. The program is based on the teacher's achievement—individually or in a group—of merit pay points. These points may be achieved through teacher initiative, group teaching efforts, or the principal's evaluation, with a maximum level possible for each dimension. Thus, "the district awards four of [the] possible 10 merit points for . . . projects or activities that the teachers themselves choose to carry out."

Up to 2½ points may be earned in those "efforts in which teachers join forces on a common goal. Junior high school teachers, for example, have united to create a consistent disciplinary program." Other cooperative goals have included contests, extracurricular activities, and the establishment of a writing program in the curriculum.

The principals' evaluation has been effective because they may award no more than 3½ possible merit points. "Because they are less apprehensive about controlling teachers' fates, they are more willing to be discriminating in their judgments."

The merit awards can be substantial, amounting to 15 percent to 20 percent of a teacher's annual salary. Because the plan rewards extraordinary competence with a definite schedule of higher pay, the Round Valley experiment continues to be popular among the teachers. Since teachers, administrators, and the school board have been involved in creating the merit pay program, there is ample opportunity for discussion, tolerance, and ongoing improvement.

3 **Educational Research Service, Inc.** *ERS Report: Merit Pay Plans for Teachers: Status and Descriptions.* Arlington, Virginia: ERS, Inc., 1983. 186 pages. ED number not yet assigned.

In this information-packed volume, the Educational Research Service, Inc. reviews current research and practice on merit and incentive pay for teachers in the nation's schools. Divided into five chapters, the report begins by offering an overview of current

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research, followed by individual case summaries of school districts attempting some form of merit pay program. A chapter on state-level action with regard to merit pay notes the recent developments in such states as Virginia, Tennessee, and California. More than half of the volume is devoted to appendices of document abstracts of (1) local school district merit pay plans and regulations and (2) state-level laws and commission reports.

In contrast to many publications that present general arguments for or against the concept, this ERS report describes various types of merit pay plans for teachers that are actually in use across the country. To obtain data, ERS sent questionnaires to 115 districts listed in its 1979 report *Merit Pay for Teachers*. Forty-seven districts submitted sufficient data for comparison. Of these, 10 found no major difficulties with their merit pay programs, whereas 37 reported problems in implementation. The most common criteria used to assess teachers are input criteria such as knowledge of subject and preparation, followed by results-oriented criteria including student attendance and behavior. Student test scores are used by only a handful of districts.

Districts attributed the success of their programs to a variety of elements, "making it difficult to devise a formula for success for any merit pay plans. At best one can say only that success seems to rely on individualized combinations of administrators, teachers, school boards, and the community at large."

About 20 districts listed in the earlier report discontinued their merit pay programs, referring to "unsatisfactory evaluation procedures, administrative problems, staff dissention, and lack of funds."

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4 **ERIC Clearinghouse on Educational Management.** *Merit Pay.* Research Action Brief Number 15. Eugene, Oregon: ERIC/CEM, February 1981. 4 pages. ED 199 828

As an idea, merit pay is attractive. In reality, it usually fails. This Research Action Brief focuses essentially on a review of studies on merit pay as it relates to teachers.

Mindful of the remarkable complexity of this subject, the report brings together several of the issues that continue to dominate the debate over merit pay: evaluation, dollar motivation, priority of intrinsic rewards, and the effect on self-esteem.

It is frequently noted that the issue of objectivity in merit evaluation is a dominant problem. Further confirmation that "performance ratings are not always fair, objective, or consistent" suggests that there should be several evaluators. They should be very specific, this Brief advises, and they should focus on the same criteria, using multifaceted guidelines.

Because teachers are usually motivated by the rewards intrinsic to the profession, money is likely not to be a primary factor for motivation. Indeed, an extrinsic reward such as money may hinder intrinsic motivation. Consequently, no matter how well intended, any money-based merit program may meet only with failure. A possible alternative might be the adoption of a merit "praise" plan. "In such a program, superior teachers could be rewarded with various types of praise and recognition, given in ways that do not damage the self-esteem of other teachers. Evaluations should be descriptive rather than judgmental, focusing on what teachers do rather than on how one teacher's performance compares with that of another."

The report states the implication of the research without equivocation: "The theory behind merit pay—that money is the way to motivate teachers to improve—is simply not supported by the research."

Thus, the report sensibly concludes that the prospective rewards of merit pay are uncertain: "It should be adopted, if at all, with a good deal of care. The procedures, goals, and objectives of the program must be clearly defined, widely accepted, and universally understood."

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5 **Frase, Larry E.; Robert W. Hetzel; and Robert T. Grant.** "Merit Pay: A Research-Based Alternative in Tucson." *Phi Delta Kappan*, 64, 4 (December 1982), pp. 266-269. EJ 272 614.

The Program for Excellence is a reward system for excellent teaching developed by the Catalina Foothills School District (Tucson). Employing Frederick Herzberg's motivation-hygiene theory as the foundation for developing this system, the program's planners have been able to distinguish those factors that promote job satisfaction and those that impede it.

Motivating factors include "achievement, recognition for such achievement, intrinsic interest in the work, and growth and advancement." Factors extrinsic to work content include salary, job security, supervision, and the like.

The Program for Excellence accords principals the power to evaluate teachers' performances and to recommend to the superintendent those candidates worthy of participation. "Each recipient and his or her principal confer to identify an experience or reward that the teacher values highly and that conforms to Herzberg's theory." Most rewards, varying in value from $80 to $1,000, have taken the form of classroom equipment (thus encouraging an even richer instructional setting) or attendance at out-of-state conferences.

The first annual review of the program's effectiveness (conducted at the end of the 1980-81 school year) included both teachers who received awards and those who did not. A strong majority of the recipients affirmed that their rewards were valued, were a form of "special recognition," and encouraged continual excellent teaching.

However, a majority also admitted that the program had caused some dissention among teachers. Opinions were mixed regarding the general nature and purpose of the program. Some thought motivation unnecessary; others thought the rewards justified. Many expressed reserve about the program's participants receiving too much publicity.

In the second year's evaluation, more than two-thirds of the teachers felt that their efforts had been valued because of participation in the program. Beyond motivation and recognition, the "Program for Excellence provided opportunities for achievement, professional growth, and advancement. Participating teachers were excited enough about their opportunities to take the initiative in sharing their new skills and knowledge with others."

In closing the essay, the authors observe that sources of job satisfaction must be removed before one can successfully implement a reward system for excellent teaching.

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6 **McIntyre, Kenneth E.** "The Merits and Demerits of Merit Pay." *NASSP Bulletin*, 68, 469 (February 1984), pp. 100-104. EJ number not yet assigned.

We are attracted to merit pay for teachers for worthy reasons, but we should not let sound intentions obscure the very real difficulties merit pay presents. McIntyre's caution expressed in this essay stems from his observation that merit pay for public school teachers gives every appearance of not working. The reason: "The big problem at present lies in the measurement of merit."

To bring his discussion into clear focus, McIntyre begins by defining "merit salary increases" as "different raises based solely on the quality of a person's performance." The problem then becomes one of accurately rating performance, a task susceptible to inhouse politics, and teachers' ill-feeling toward compulsory students' ratings.

High salaries, in the long run, would certainly draw and keep quality teachers in the profession. The realistic problem is that "most merit pay proposals . . . would be woefully inadequate," since they "usually involve adding a few dollars to a ridiculously low salary base."

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As for the "university model," salary increases are based on previous experience, rather than on actual merit. In fields other than education, merit pay is less than universal, says McIntyre, and less than impressive where it is implemented.

These caveats aside, there are aspects of merit pay worth pursuing. "I am enthusiastic," he writes, "about the prospects for measuring individual productivity, as we are now able to do using school campuses as the units, through a process employed by the Educational Productivity Council at the University of Texas at Austin." Such a method of evaluation could lead both to merit pay increases for a large body of people (the faculty who, having worked efficiently together, have improved the performance of an entire school), and to the rating of merit for individual teachers. The latter "could take the form of comparing the outputs of classrooms having similar inputs, or of measuring the efficiency of individual students."

7 **Parish, John.** "Excellence in Education: Tennessee's 'Master' Plan." and **Pate-Bain, Helen.** "A Teacher's Point of View on the Tennessee Master Teacher Plan." *Phi Delta Kappan*, 64, 10 (June 1983), pp. 722-26. EJ 283 856 and EJ 283 857.

Currently, no state has a statewide system of pay incentives for excellence in teaching. Tennessee would be the first to adopt such a plan, if the Tennessee Master Teacher Program is approved by the legislature.

These two articles present differing views of the Tennessee Master Plan. Parish, press secretary for the governor (who is a prominent supportor of the plan), is very enthusiastic for the plan's success. Pate-Bain presents a skeptical view, not least because of the political manoeuvering she sees behind the push to have the plan adopted.

The program is structured around four career teaching stages: apprentice, professional, senior, and master. Teachers would be certified for renewable five-year periods in all except the apprentice teaching stage. Upon appropriate certification, "an estimated 87% of all Tennessee public school teachers would be eligible for pay incentives that would range from $1,000 to $7,000 a year." Moreover, there would be similar pay incentives for administrators.

The stages of advancement from apprentice to master teacher would not, of course, be automatic. Standards must be met at each stage before progress to the next higher level: "A professional teacher is expected to be better qualified than an apprentice teacher."

Pate-Bain's main concern is that this plan challenges tenure and collective bargaining. Tennessee tenure law presently provides the means both for identifying and removing poor teachers and for ensuring due process: "Let us push for the removal of incompetents so that all children will be taught by master teachers."

She also demurs because in her view more time and careful planning should be given to the teacher evaluation process of the plan. She argues that the K-12 teaching system should not reflect the kind of "merit rise to the top" that results in the "racial and sexual discrimination that we find in Tennessee higher education."

8 **Say, Elaine, and Miller, Leslie.** "The Second Mile Plan: Incentive Pay for Houston Teachers." *Phi Delta Kappan*, 64, 4 (December 1982), pp. 270-71. EJ 272 615.

The Second Mile Plan was created by the Houston Independent School District (HISD) in 1979 to meet several imminent crises: teacher shortages in crucial areas, high teacher absenteeism and turnover, and the need for improvement in instruction. Funds were designated for an incentive pay plan for those teachers who had gone "the second mile" in their efforts to remain in the district and to improve instruction. Say and Miller here discuss the main elements of the plan.

Designers of the plan insisted that criteria for awarding funds be as far removed from subjective judgment as possible. Full-time teachers eligible for stipends must meet several criteria, including a valid teaching certificate with an undergraduate and/or graduate degree, minimum absences (all excused) during the current school year, and an "acceptable rating on the most recent evaluation."

Teachers may apply for stipends in any of six categories. These include teaching in a high-priority school (where the highest stipends are awarded) and taking assignments in specialties in short supply (such as secondary math and science teachers). Other categories include professional growth ("a grade of B or better in college courses or in inservice training appropriate to the current teaching assignment") and impressive educational progress (the most controversial category).

Say and Miller discuss the outcomes, after the plan has been in effect for three years: classroom vacancies for those specialties in short supply decreased tremendously; teacher attendance has hit an all-time high; and staff stability has increased (a crucial factor for the inner-city schools). Teacher participation is noteworthy: "During the first year of implementation, approximately two-thirds of all HISD teachers collected stipends totaling some $11 million. The average stipend was $936; the range was $300 to $3,500.

Modification provided by feedback from teachers ensures continued flexibility and survival of the Second Mile Plan.

9 **Schrag, Francis.** "It's Time for Merit Pay." *Learning*, 11, 8 (March 1983), p. 28. EJ 277 423.

With fewer competent students choosing teaching as a profession, and more teachers regretting the choice once they are in the occupation, education must be made a more attractive career choice, submits Schrag. If such a disquieting trend continues, public schools will lose vitality and/or fail, and students and society would suffer the consequences.

Schrag suggests that we must offer incentives for the teachers we do have and for those we hope to have in the future. To realize this goal, merit must not be divorced from rewards. Thus, Schrag's proposal: "Identify 10 to 15 percent of the teaching staff in every school as 'distinguished.' This group would have a higher status

and would receive more money—say an additional $5,000—than the regular staff."

Those eligible for the five-year term status would need at least seven years' teaching experience. Candidates would be selected by other teachers (preferably from outside the district), with input from former students, parents, teachers, and administrators. Funds would come from the state.

Schrag counters anticipated objections with other suggestions in this brief article, arguing further for recognition for outstanding teaching and the prospect of "winning the support of both taxpayers and teachers."

10 **Shaten, N. Lewis.** "Merit Does Not Have to Be a Four Letter Word." *NASSP Bulletin*, 67, 467 (December 1983), p. 56-63. EJ number not yet assigned.

"Why shouldn't we compensate our excellent and outstanding educators?" Within the next decade, argues Shaten, merit pay will become a reality. The form such a system takes depends on whether we will conceive of and objectively pursue a merit pay plan that makes education competitive with other claimants to the tax dollar. To realize this goal, education could become a growth industry, he suggests, "if we excite and reward our current professionals and if we attract and reward those individuals who thrive on growth and the challenge of tomorrow."

Shaten advances a merit pay scheme he believes would make education competitive with other professions. Based on recognition and reward of a teacher's performance, this plan would provide necessary motivation for continued growth in education.

Shaten's overall program would be justified by the success of the teacher's product—educated students. He charts a teachers' compensation plan consisting of several criteria, including three levels of base salary and bonuses for individual teachers ("for outstanding achievement/performance of each student"). He cites a wide variety of possible "general bonuses" that could be awarded by a district when a specific goal is reached: a noticeable increase in students entering academic competitions, say, or a significant reduction in the dropout rate, or an appreciable improvement on SAT scores from one year to the next.

Other segments of Shaten's plan include "professional growth and development" and extracurricular or "extra-duty" assignments, all detailed to be objectively accessible for evaluation and consequent compensation.

The choice, Shaten concludes, is not if merit pay should be adopted, but rather how it can be implemented, in order to "make our profession as exciting, innovative, challenging and rewarding as other growth industries."

11 **Silver, Paula F.** "Synthesis of Research on Teacher Motivation." *Educational Leadership*, 39, 7 (April 1982), p. 551-54. EJ 261 568.

"Can school administrators make much of a difference in motivating their teachers?" They certainly can, says Silver. She reviews in this article two kinds of staff motivation. The *job factors* approach stems from Herzberg's work on intrinsic motivation factors (such as achievement, recognition, responsibility) and hygiene factors (usually extrinsic to the work itself, such as salary, working conditions, administration). The second category of studies follows the *expectancies* approach, first articulated by Vroom. These two theoretical frameworks, when synthesized, suggest that "the motivation to perform an action is affected by the expectancy that a particular outcome can be achieved and by the desirability of that outcome in terms of its indirect effects."

What this assessment means for school administrators, suggests Silver, is that they can have an important impact on teacher motivation. For example, "the more frequently teachers receive praise, interesting responsibilities, growth opportunities, and chances for advancement *as results of excellent teaching*, the more likely they will be to perceive good teaching as instrumental in attaining these desirable indirect outcomes."

Silver also notes several ways in which school administrators can encourage teachers' subjective expectancies. They can observe and frequently command good teaching, giving recognition to specific forms of behavior that contribute to excellent teaching. They can give feedback to teachers for students' learning achievements. Silver suggests that such insights and feedback offered by school leaders could also encourage undermotivated teachers to improve their efforts by adopting proven effective actions, thus increasing their expectations for rewarding teaching results.

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